Standing Committee on Resources

Annual Report

November 2000

House of Assembly
Nova Scotia

101-02194/

Hon. Murray Scott
Speaker
House of Assembly
Province House
Halifax, Nova Scotia

Dear Mr. Speaker:

On behalf of the Standing Committee on Resources, I am pleased to submit the 1999 / 2000 Report of the Committee for the First Session of the Fifty-Eighth General Assembly.

Respectively submitted,

Jim DeWolfe, MLA
(Pictou East)
Chairman
Standing Committee on Resources

Halifax, Nova Scotia
2000

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Foreward

The report of the Standing Committee on Resources was written in accordance to the mandate of the committee categorizing specific topics of interest under the Departments and Ministers to which the Standing Committee can consider.

The report is written under individualized headings outlining the concerns and issues brought forth from each group /organization.

Mandate

> For greater certainty, the Resources Committee is established for the purpose of considering matters normally assigned to or within the purview of the Departments and Ministers of Agriculture and Marketing; of the Environment; of Fisheries and Aquaculture and of Natural Resources. (1987 R. 60(2); am. 1993; am. 1996)

DEPARTMENT OF NATURAL RESOURCES

Minerals and Energy Branch/Chamber of Mineral Resources

History

The Department of Natural Resources presented to the Standing Committee the mineral industry from a past perspective and in context with Canada as a whole, and how mining contributes to the economic well-being of Nova Scotia. The extent to which the mineral industry contributes to the economy of the province is not fully realized. The mining industry has been a part of the economic well-being of Nova Scotia for quite some time. Coal was being recovered as early as the 1600's with the first commercial operation as early as 1720, and exported as early as 1724. In the early 1800's Nova Scotia had a thriving coal industry and communities were starting to grow up around the resource.

Coal remains an important component of Nova Scotia's mineral wealth; currently producing about three per cent of the total coal in Canada. Another commodity in terms of mineral wealth is gold. Gold was first discovered in the late 1850's with the first commercial production in 1860. This resulted in the first gold rush in Nova Scotia at about the same time as the Caribou Gold Rush in B.C. Over the last 140 years, Nova Scotia has produced over one million ounces of gold and continues to be an important attractant for exploration investment.

In terms of metals, Nova Scotia has previously produced copper, zinc, lead, silver, and tin as well as a wide variety of industrial minerals such as gypsum and salt, both of which are major contributors to the economy at present. Other industrial products produced are silica, peat, limestone, various kinds of stone, aggregate, diatomaceous earth, slate and barite. All in all there is a potential for metals and when prices improve there will be new activity and perhaps new mines.

Economic Activity

In the Canadian economy mining produces about four per cent of the GDP; almost 16 per cent of Canadian exports are mineral products contributing $7.1 billion to Canada's trade surplus. Mining supports 128 communities across Canada directly employing 368,000 Canadians [not including the numerous spin-off jobs] providing average earnings of over $1,000 per week.

In 1998, Nova Scotia's mineral production was valued at $347 million. The value of mineral production by commodity still shows coal as being the dominant feature in the industry, however the production of gypsum was about 75 to 80 per cent of Canada's gypsum production and seven per cent of the world's gypsum production. Revenues derived from the production of these minerals had averaged between $1.5 to $3 million per year since 1984. In terms of wages in Nova Scotia there are 3,300 full-time jobs in the mineral industry providing an average wage of just over $800 per week. Although this is lower than the national average it is still higher than most.

Mining had become a highly productive industry due to the advanced degree of technology and mechanization now being employed in the industry. Statistics show that 4.2 employees can generate $1 million compared to the Canadian average of 9.2 employees to generate the same amount across the rest of the economy. Mining has a major impact on other sectors as well, 55 per cent of Canada's total rail freight revenue comes from the transport of mineral products; 61 per cent by volume of all the products loaded at ports for international trade are mineral products.

However, on the negative side, the Canadian mining industry is presently in a serious state of downturn resulting from a number of factors such as persistently low metal prices, Canada's declining market share of global equity investment in mining, exploration expenditures (down 29 percent between 1997-98) and down further another 30 per cent between 1998-99. Presently there is not enough exploration in Canada to replace reserves. According to the Constitution, mineral resource management is a provincial responsibility. The provinces own their mineral resources and as such (in Nova Scotia) there are laws to protect the resource. Enacted are the **Mineral Resources Act** which lays out the parameters of how to manage the resource, the **Mineral Policy** which states what government intends to do to support the industry and to derive the maximum benefit from it, the **Mineral Rights Registry** which allows the issuance of licenses and leases for the minerals that the province(s) own, and a **Geological Survey** which provides the geo-science information needed in order to promote and attract investment and exploration to the province and provide the support to investors.

Exploration

Exploration is the lifeblood of the industry. Without exploration there will eventually be no mining. At present there are a number of explorations happening in Nova Scotia. In Minas Basin there is the Titanium Sand Project, in Yarmouth County and Musquodoboit Valley there are Kaolin explorations. In North Mountain mining operations are exploring for Zeolite; and in Cape Breton there is a Golden Base Metals Project being explored.

Why would people want to come and explore Nova Scotia? Nova Scotia has a number of distinct advantages with respect to the mineral industry. The province is well positioned to track investment. The geology is favorable; there is excellent potential for certain metals; there is a stable, consistent legislative framework complete with up-to-date Mineral Resources Act, Environmental Act and associated regulations; and the geography and climate supplemented by a good infrastructure which connects to all-weather ports make it relatively inexpensive to access markets. There is a highly skilled and experienced workforce from a very long mining history; and a respectable service industry (i.e.: consultants, contractors and suppliers). The Department of Natural Resources maintains one of the best geological data-bases in the country. The province has world-class deposits of industrial minerals with proven production records. Costs associated with staking recording fees and land acquisitions are all reasonable, and as well there is the equity tax credit available to small business and the availability of natural gas from the offshore that would introduce new and interesting possibilities for value-added.

The challenges faced in the province, however, is that there has not been a major discovery in the province for some time. The Westray, Jim Campbells Barren, and Parks and Protected Areas has produced a broad public misconception regarding mining and its impact on the environment. Nova Scotia is perceived as a province that is not proactive in promoting the mineral exploration industry to the extent of other jurisdictions; and there is no junior capital market in the region. There is limited public understanding of the industry. The public by-and-large does not understand the benefits that are derived from the industry in the province. All of this contributes to a negative public image. In the last two years the Canadian mining industry has been severely hurt. The turmoil in Asia has had a severe impact on the industry because they use a lot of Nova Scotia products and minerals. Price takers in the market place and low prices for coal, minerals and metals have taken their toll. Company profits are down, properties and operations have closed, while some are in receivership and companies that are still operating are striving to keep the industry going.

> **"To optimize the benefits so that mining can contribute to the Gross Domestic Product of Nova Scotia it must be ensured that the right policies and programs are in place to compete for exploration dollars around the world. The success of the mining industry in Nova Scotia in the future will depend on the policies formulated in the Legislature and the policies put in place."**

The mining industry had been a leader in the business community in adapting technology in every way, shape and form; Canadian mining expertise is highly sought after around the world, however global changes are necessary in terms of government policy, mineral laws relating to privatization of steel and mineral properties, access to land, and environmental processes.

Since 1993 Canada has experienced a period of sustained. The people of this province have to recognize that the future prosperity and economic well-being depends upon government providing a level of services to commensurate with what we can afford.

In 1987 there was between $45 and $50 million spent on exploration in the province. In 1997 it was about $7 million. This shows that there were a variety of things that came into play to create that expenditure of $50 million, and that the industry does have the potential to continue to make a major contribution to the province. There is a desperate need for an infusion of exploration dollars in the industry. It is not a problem unique to Nova Scotia; it is a problem that is Canada-wide.

Witness Suggestions

The mining industry would like to see a strong signal from government that mineral exploration and development are welcome in Nova Scotia, this will restore confidence with investors.

The process and approving permit and licenses needs to be made to work in a timely manner.

Staff from the Departments of Finance and Economic Development should be subject to briefings from staff from the Department of Natural Resources on a regular basis. This would strengthen the understanding of the mining industry within central planning agencies.

The Department of Natural Resources should be encouraged to take a much more proactive stance and utilize their exceptional geo-science data-base to encourage mining and mineral exploration in the province.

To minimize conflicts with other land use activities, emphasis should be placed on developing small and medium sized mining operations.

Access to land for exploration is essential if mineral explorations is to flourish. A multiple use concept with respect to land use needs to be developed.

The Legislature should have at its disposal all possible knowledge about any given area that is to be withdrawn, including the mineral and economic potentials.

Final decisions with respect to the creation of restricted areas should not preclude the possibility of mineral exploration, emphasis should be on how to achieve conservation objectives and still permit other activities such as mineral exploration.

In order to redirect the flow of investment capital from foreign to domestic locations some type of investment tax incentive is required. The mining industry encourages the provincial government to lobby the federal Minister of Finance to develop a plan that would support exploration for minerals in Canada.

Underground mining regulations in Nova Scotia have been subject to extensive review and consultation, it is time to proceed to enact the changes that have been widely discussed.

Encourage the government to bring forth these initiatives and ensure that the Department of Natural Resources gets its fair share of attention to have the opportunity to have a positive input into the new economic prosperity.

Land Services Branch

Non-Residential Ownership

In the 1960's there was a considerable amount of public concern expressed about the nature and extent of non-resident landownership in Nova Scotia. This resulted in an Act being passed in 1969 called the "Land Holding Disclosure Act' administered by the Department of Lands and Forests [now known as Department of Natural Resources]. However, some concerns still came about on what should be done about the law and resident landownership. As a result of those continuing concerns an all-party legislative committee was formed in 1973-74 to hold public hearings into the matter. The committee introduced a report documenting the results of their hearings and found that by-and-large the kind of comments and concerns being raised to them seemed to relate more to land use as opposed to landownership; what people were doing on the land as opposed to who owned it.

Today growing concerns about the nature and extent of non-residential landownership is being reported, again, by people expressing concerns over what is happening with non-resident landownership.

Property Concerns

Seventy-five percent of Nova Scotia land is privately owned, 25 per cent is public land. This percentage of private versus public land is an issue in terms of integrated resource management and the ability to manage what is happening in Nova Scotia's land base. According to the assessment roll there are 500,000 non-commercial parcels of land; 35,200 (or 7%) of those parcels are owned by a non-resident. It is important to note that this is not seven per cent of the land base, it is the number of parcels including land in towns and cities and it is just the mailing addresses.

One of the concerns that has been raised recently is access to Nova Scotia's coastline. There seems to be a perception that a non-resident might be more likely to restrict access over their private land to the shore than would a resident. Concerns were also express about the lack of contribution by non-residents to the infrastructure. Persons who live in Nova Scotia for a few months out of the year are not contributing through the normal expenditure of money and to the tax base. Their property taxes are being paid, but they are not paying their fair share of the infrastructure that supports their landownership.

An owner of land along a shoreline has certain riparian rights related mostly to their ability to have ingress and egress to their land by water. As an upland owner or a storefront property owner there is no obligation to let the general public cross over their land. Anything below the ordinary high water mark is owned by the Crown, so the public can walk along the shoreline between the ordinary high water mark and the low water mark, but they do not have an automatic right to access the shore over others property. This is protected by the Angling Act and deals more so with inland waters. It is not as pertinent to ocean frontage.

Over the past couple of years there has been a Committee of Officials consisting of representatives from the Departments of Housing and Municipal Affairs, Natural Resources, Justice and Finance meeting to consider some of these things and others, i.e. What measures could be taken, what are the issues, what do people want us to do? Two of the key things the committee have been trying to address are how to get better information and how to keep it current. The second is to develop a framework policy formulation to extend to non-residential ownership and introduce legislation to tax non-residential owners higher taxes.

> **"Government has committed to introduce legislation to permit Municipalities to tax non-resident property owners at a higher rate than residential landowners and that commitment is within the first mandate. The Department of Housing and Municipal Affairs are working on**

developing appropriate mechanisms for government to be able to do that as well. The Committee of Officials is continuing to work on addressing a broad range of other options government may wish to consider."

Integrated Resource Management Plans

The Integrated Resource Management Process (IRM) is a planning and decision-making process that attempts to consider the many interests and issues within the wildlife, parks, forestry, and mineral sectors that affect Crown lands. The process is only on Crown lands and not any lands that are held by other Departments.

In the early 1990's the process used to manage and administer Crown land involved individual resource sectors developing their own resource management plans. Previous to this the Department of Natural Resources practice what was called "multiple resource use".

In the 1980's and early 1990's there was increasing pressure on the Crown resource. Individual resource management plans were clashing more frequently as individual sectors developed their own resource plans. Conflicts were established on a variety of sites which subsequently resulted in the development of 31 protected areas on Crown land and the protection of ecological resources, i.e. wildlife, nesting sites, wetlands, etc.

Other stress factors resulting from policy commitments that were being made on Crown land were a whole series of federal initiatives such as the National Forest Strategy, the Whitehorse Mining Initiative, the signing of a National Accord for the Protection of Species at risk; the Canadian Biodiversity Strategy, the involvement in supporting the Canadian Council of Forest Ministers criteria for Sustainable Forestry and the Tri-Council Statement of Commitment of Protected Areas.

Provincially there was the development of a Sustainable Development Strategy that talked about its importance to the health of the industry and the economy, the National Forest Strategy which resulted in a set of Provincial Action Plans, particularly on Crown Land and in policy on all land. Then there was the Nova Scotia Protected Area Strategy which was the result of the National Commitment on Protected Areas. All of these initiatives impacted, directly through policies of the Department and indirectly through commitments, on the way all land in Nova Scotia would be managed .

IRM Planning Process

The development and implementing of IRM strategies began in 1994 as a pilot project in Cumberland and Colchester Counties. In 1995 IRM teams in Eastern, Western and Central Regions were developed. In 1996 the Halifax/Hants Counties were joined to the Central Region. In 1997 the Eastern Region planning team had begun the IRM process of gathering baseline land and resource information, and the Western Region had begun the initial stages of the IRM strategy by years end.

Within the Department of Natural Resources there are three levels of Integrated Resource Management Planning.

IRM Land Use Committee. This is the senior policy level committee comprised of 11 Directors within the Department charged with overseeing the development of an IRM planning framework and the various regional strategies for management of Crown land, setting objectives for use of Crown land and identifying where the various policies may be incompatible.

IRM Regional Teams. Teams in every region the prepare IRM strategies for the use of Crown lands within that region. Strategies consist of a ten-step process beginning with the **establishment of the teams** who in turn **prepare resource inventories** and **identify** any issues related to the use and the allocation of Crown land and consult with stakeholders (phase I). They then **set regional goals and objectives** for the use of Crown lands. **obtain any additional information** and **evaluate the options** for the use on a parcel by parcel basis. The teams **prepare strategies** and consult with the public (phase II) on these strategies, then they **adopt the strategies** and **implement review and monitor** its success/failure, finally the teams develop working plans at the **local area level** that will effect the strategy.

IRM Operational Level. Any transaction proposed for Crown land that the Department administers is first reviewed from an IRM perspective.

The IRM planning process is carried out under guiding principles ensuring **environmental responsibilities** and making sure that any approach used reflects scientific information on the environmental impacts of uses and any mitigation techniques available. **Inclusiveness** by providing an opportunity for all stakeholders, interests and interested parties to participate in the planning process and recognizing the views and the values of all those who participate. **Maintaining biodiversity** by making sure that a variety of plants, animals and other organisms at all levels are maintained. **Multiple use** by recognizing that frequent use of the land can be used at the same time either sequentially or simultaneously, and **sustainability** by requiring that resources are used in a way that doesn't lead to a long-term decline [maintaining the potential of those resources for future generations].

Current Activities

Crown land parcels are to be categorized into one of three classifications:

C1 — general use. Any piece of Crown land that is placed in this category would be open for any and all uses. Land would be available for full range of resource uses and for which a low level of conflict among competing uses would be anticipated.

C2 — multiple and adaptive resource use. This area would be for resource conflicts. The properties would be placed in this category and the impact of management of one resource or the other would be identified. Full range of land/ resource uses may be permitted, but must be planned to protect the integrity of predominant values which may be impacted by other uses.

C3 — protected and limited use. Lands that would be managed for a single source, specifically allocated to special uses and where other resources activities may be very limited. These lands will be designated or planned for designation.

The Department's next step in the strategy process would be the second level of public consultations that is anticipated to be early in the year 2000. In answer to what the status of IRM plans or the strategies upon completion, it was stated that the department is developing what would be an element of protection to ensure the ecological integrity of those sites contained in area C3. In area C2 all of the resource values would be identified in the strategy and the subsequent resource maps would be used as a guide in the local area planning so that nothing is missed or forgotten.

Nova Scotia Forest Products Association

The Nova Scotia Forest Products Association promotes sustainable management, viability of the forest industry and act as the official voice of the industry. Established in 1934, the membership of the Association now totals approximately 1,000 individuals and corporations representing a broad cross-section of the forest community.

The forest industry directly employs 13,000+ Nova Scotians; and indirectly employs an additional 10,000+ individuals. The industry contributes about $1.5 billion to the provincial economy. Spin-off tax dollars support such provincial programs as health, education and social programs. Therefore, it is relevant to say that the sustainability of the forestry industry is not only important to the industry, but to the province as a whole.

The mandate of the Association is to promote and develop a healthy and diverse forest industry; implement the Occupational Health and Safety Act and the Workers Compensation Act that would result in a safer work environment for all forest and industry workers; develop programs to provide a trained and skilled workforce; work with private woodlot owners providing woodland access for the purpose of forest management, silviculture, forest protection and the enjoyment of the natural resource; work with government and other organizations to promote sustainability, including cooperating in the development of management policies to ensure a healthy, stable and diverse forest resource and to develop a communications program to inform target audiences of the value of the forest industry.

Activities

A few of the programs of the Association include the development and implementation of a **Code of Practice.** This program was developed by the Associations Safety and Training Committee to promote safer working habits for forest workers. The **Loss Control Manual** for the wood products manufacturing and handling industry was prepared for the sawmill sector with the objective of helping the sector comply with the Occupational Health and Safety Act. The **Forestry Safety Society of Nova Scotia** established by the Nova Scotia industry workers and employees, promotes safe working habits and enables compliance with the Occupational Health and Safety Act.

The Association has also developed the **Principles of Forest Stewardship in Nova Scotia** to promote sustainability of forest resources and an awareness of forest stewardship. An auditing program also forms an integral part of the principles. The Association administers the **Access Road Assistance Program** providing financial assistance to woodlot owners who are building or maintaining wood roads, enabling them to access their property. The development and implementation of **Training Standards** to meet industry needs is an ongoing process. These standards require input and liaison from relevant government departments and from the private woodlot owners and forest workers. Currently the Association is designing and implementing a **Communications Program** that will inform target audiences of the value of the forest industry.

Issues of Concern

The Nova Scotia Forest Products Association had met with the Standing Committee to voice a few issues of concern that are relevant to the Association. Although the issues are few in number they are not by any means final.

Sustainable Forestry Regulations The Association expressed approval to the government for implementing the Forest Act. Regulations under the Act must be minimal in nature to encourage rather than slow down activities which will ensure the sustainability of the resource. Recognition of the landowners rights must play an integral part in the implementation of any regulation. It is anticipated that the current actions undertaken by the Department of Natural Resources will allow the wood supply in this province to meet industry demands into the future.

> **"The Association looks forward to working with the Forest Advisory Board, and encourages the Department of Natural Resources to complete the development of its forest practices code for Crown lands as soon as possible. The Association expects that they will be given an opportunity to have input into this code before it is finalized."**

Sustainable Forestry Fund The Association realizes that the Department of Natural Resources has limited resources to properly administer additional regulations under the Forest Act as well as further restraints within its Department. Therefore, the Association requests

> **"The Department of Natural Resources use the expertise within the NSFPA to manage and deliver the activities under the sustainable forestry fund. The Association would undertake to manage the silviculture programs of its members as prescribed by the forestry fund and enter into discussion with other interested groups in hopes of developing some type of an arrangement where all interested parties [on behalf of the department] can manage this fund."**

As stated, the Association had a key role to play in managing this fund as it represents the largest paying portion of the industry when it comes to forestry practices and activities, therefore it is imperative that if the industry is paying money into the fund that they have an influential voice on how it is being spent.

The Provincial-Federal Forest Stewardship Agreement was federally funded but was discontinued in 1995. The arrangements that were set up to manage and disburse the funds were not held accountable enough for the way it was spent. Only about 45% of all those federal funds ever landed on the ground in actual work. That approach to silviculture funding and management was not effective; this is why, in part, the industry should be much more directly involved in the application of the funds, in this way there would be a much more efficient process.

Private Silviculture Programs The Association reaffirms its support for the implementation of private silviculture agreements between operators, private landowners and DNR. Some [NSFPA] member companies have implemented such programs with major participation by the private woodlot owner sector and DNR. The provincial government is a major player in these programs and the Association

> **"Encourages the province to not only maintain, but to increase their financial support ensuring the sustainability of the resource."**

It is vital and important to encourage and stimulate investment in silviculture activities.

Funding arrangements for silviculture is an evolutionary process. There are a few existing programs in the province at present, as well as partnership arrangements between an industrial operation, the Department of Natural Resources and the private woodlot owner sector. Funding is divided one-third evenly between the partners and then are expended through silviculture programs. It is hoped that this formula would permeate into the sustainable forestry fund as well when it is developed and matures as the regulations and legislation are put in place. Presently, a buyer has the option of either having a program or paying into the sustainable forestry fund. There is nothing in the draft regulations to-date which requires the government to contribute funding; the requirement is on the buyer.

All three parties have their limits regarding funding availability. The private sector has responsibilities in terms of running their businesses, maintaining profitability and keeping employment. The government will benefit economically through taxes and spin-offs, the industry will benefit from continued operations. If one of the three parties does not accept their share of responsibility then the whole program would suffer in the long term. The industry would begin to shrink causing reduced economic activity and employment.

Gas Tax Access Road Program Aimed primarily at the private woodlot owner sector this program provides access to woodlands that otherwise might remain unchanged. These roads allow for acquisition of fibre and increased availability of woodland for silviculture treatment. Access for fire protection and treatment of insect infestations is also enhanced. Woodland road construction and maintenance under this program results in approximately $5 million invested annually. DNR's portion of this investment is about 14 per cent with the remainder being invested by the private woodlot owners.

> **"The Association suggests that the provincial government increase its portion of the investment to 20 percent. It is felt that this is a more appropriate budgetary amount in order to adequately carry out the program which continues to grown and receive a lot of support every year."**

The Gas Tax Access Road Program has been a very successful and important program for the Association and its members. A rebate of taxes paid for fuel on privately built and maintained off-highway roads is an essential program to everyone and the Association is certainly interested in maintaining and hopefully expanding the program. The Association requests support to continue with this program as it is an incentive for woodlot owners to manage their forest. They [woodlot owners] contribute about 85 per cent of the funding to this program; it is asked that the provincial government continue to contribute as well.

Economic Impact Study The forestry industry directly employs 13,000 people; indirectly 10,000 people. It also contributes approximately $1.5 billion to the economy. The Association is presently commissioning an intensive research study on the industry to obtain extensive information to assist them in providing substantial facts and figures to the general public about the importance of the industry to the province. The Association has undertaken to not only have an economic impact study but to develop a communications program to also assist them in getting information out in terms of the value of the industry to the province.

To maintain social programs it is essential to ensure the sustainability of natural resources from which much of the tax revenue is realized.

> **"Government support of the forestry industry is vital to keeping these benefits in place for the public and this is one of the reasons for this study. It is to bring some of these facts and figures to light and to show the benefits that are derived from the industry in terms of tax revenues and economic activity that will go into paying for these social programs."**

Tax Credits and Management Incentives To stimulate investment in silviculture activity in the private sector it is requested

> **"That the government consider implantation of a tax credit for forest management expenditures."**

Without an adequate provincial silviculture program in place the future of the resource is in question. Because 75 % of the resource is privately owned in Nova Scotia; the future of the industry depends to a large extent on maintaining the silviculture program.

Capital Gains Exemption Due to the elimination of the tax exemption many landowners are reluctant to sell stumpage or property to the industry because of the amount of capital gains tax they are required to pay. Landowners traditionally view their woodlot as an investment for future generations. They are unable to realize a return on that investment resulting in many cases in over mature stands susceptible to fire and insect damage which is neither a benefit to the landowners or the government.

The future sustainability of the industry comes back to the land tenure. The small private woodlot owner owns the majority of the resource and there needs to be a huge undertaking on behalf of the small private landowner to educate them on the importance of managing their resource. One of the problems is the tax regime. There is no incentive for the landowners to manage their resource in a means that will match the life cycle or the best use of that resource. The tax system is set up with the incentive for the landowners to liquidate as much as they can. There is no long term vision on behalf of the holder of that resource to be a good steward. There needs to be some incentive and one way would be in fiscal ways to help the owner manage that. Although the capital gains tax is a federal concern, the Association is asking

> **" That the provincial government support the industry and the private sector in its continued efforts to try to exempt capital gains."**

Fire Protection Program The Department of Natural Resources had developed an excellent forest fire protection program. Keeping forest fire size to a minimum has played a large role in maintaining the sustainability of the resource. The Association requests that

> **"The DNR Fire Protection Program must be maintained through the government's financial review process."**

Witness Suggestions

Encourage the federal government to encourage landowners to invest in their own land by initiating the tax rules, i.e. the capital gains and tax credits.

To this end the Standing Committee on Resources had passed a motion to forward a letter to the federal government to acknowledge the importance of the forestry industry and the impact it has on the provincial economy, and that the Standing Committee would supports federal initiatives in the areas of tax incentives, i.e. capital gains reform; tax incentives for silviculture, especially at the land owner level where it is more critical. It was also motioned that the federal government seriously look at implementing a policy in the forest industry in Nova Scotia.

The motion was responded to by the Federal Minister of Natural Resources stating that "Canada supports the Intergovernmental Forum on Forests suggesttion of setting up a high-level intergovernmental body whose goal will be to establish an international consensus to promote the implementation of sustainable forest management. The Canadian Council of Forest Ministers (CCFM) task force had examined the issue of private woodlot taxation and in July 1999 the Canada Customs and Revenue Agency issued a new interpretation bulletin to simplify the interpretation of the Income Tax Act and to provide a mechanism on how to determine income tax rules that apply to a particular woodlot. The Act itself may be ill-equipped to address the special long-term nature of private woodlot management and that legislative changes may still be required, therefore the Federal Minister of Finance was asked to give consideration to review tax policy as it relate to private woodlot business. It is understood that such a review is under way".

DEPARTMENT OF AGRICULTURE & MARKETING

Nova Scotia Organic Growers Association

The Nova Scotia Organic Growers Association (NSOGA) is a non-profit organization which was founded in 1993 to promote and support sustainable agriculture in Nova Scotia. There are over 150 members including, farmers, gardeners, scientists, educators and consumers. NSOGA's main objectives are to create a network and resource pool for those interested in organic and sustainable agriculture, to develop education programs, to improve public awareness and to provide information regarding crop and livestock production. NSOGA maintains and administers a certification program which includes grower education and inspector training and certify as organic, farm or industrial products that meet their certifications standards.

Committees and Activities

NSOGA has several working committees, one such committee is the **Certification Committee.** This committee administers and maintains NSOGA's certification standards, train farm inspectors and provide certification for small and medium-sized producers. The **Education Committee** produces newsletters, a bi-annual magazine, organized workshops, farm tours and other events. The **Research Committee** conducts on-farm research into sustainable agriculture farming techniques and produces more educational material directly for growers.

To remain economically viable, NSOGA had addressed the need for consumer education. The term "organic" and "organic agriculture" is not understood by most consumers or retailers. Farmers and/or producers who produce food according to the set standards, undergo evaluation by other certified growers and pass a yearly inspection can label their products as "certified organic". Confusion by the terms Pesticide-Free, Free-Ranged, Naturally Produced, Organic or Wild-Crafted does not mean the product is a "certified" organic product., however certified organic can mean all of those things if the products are properly certified. Many growers may meet the standards but do not submit to the certification process. Therefore, it is important at this time for NSOGA to describe their principles of organic agriculture based on their organic certification standards.

Principles

NSOGA's principles are to produce food of high nutritional quality in sufficient quantity; encourage and enhance natural, biological cycles within the farm system, maintain and increase long-term fertility of soil, and work as much as possible in a close system with regard to nutrients and organic matter; they utilize renewable resources in a locally organized agricultural system, avoid all forms of pollution that may result from agricultural activities; give livestock conditions of life that allow them to perform all aspects of their innate behaviors, maintain genetic diversity of an agricultural system and its surrounds, allow producers an adequate return and satisfaction from their work, and consider the wider social and ecological impact of the farming system.

To attain these objectives, organic growers have developed sustainable agricultural methods and certain techniques that respect natural, ecological balance and efficient farm system. These techniques make it possible to produce food without the use of synthetic fertilizers and pesticides and without using industrial farming methods that force plant and animal growth. These objectives are reached through the implementation of standards, enforced by independent inspectors and the certification process, and provides an audit trail to ensure a product that can be traced to the producer who grew it and the field records of how it was grown. The outcome of this rigorous process is a **certified organic product.**

Certification Process

The certification process is coordinated by the Certification Committee. Applicants submit detailed farm questionnaires which are review by the committee. If the committee approves the application, an independent organic inspector is consulted and conducts an inspection of the farm or processing facility, and then submits the report back to the committee. The committee then decides whether or not to grant NSOGA organic certification to the products.

The certification committee has also established procedures for administering appeals, removal of certification and adopting new standards. Certification process requires a minimum of a one-year waiting period before applications are considered for certification and a three-year minimum waiting period for conventional farms. Organic procedures must be followed throughout the transition period and annual inspections are required.

Interest in organic certification is increasing. In 1993, NSOGA certified seven farms; and in 1999, 23 farms. They are currently amending the standards to include processed products, eggs, sea vegetables and soil amendments. They have also been asked to investigate certification of aquaculture products. It should be noted that these numbers do not reflect the total landscape of organic growers because a number of Nova Scotia farms are certified by other certifying bodies. There are quite a few growers who follow some organic practices but are not certified. This does cause problems for the consumer and retailer because there is presently no control over labeling or will to ensure that products are properly identified. Many food groups and some stores buy these products and mix non-certified food with certified food, quite often labeling both organic.

National Standards

Over the past five years organic associations and various stakeholders have been meeting under the Canadian Organic Advisory Board (COAB) to draft Canadian National Standards to be approved by the Canadian Standards Board. Establishing minimum national standards would provide an organic policy and standardization at a national level and would facilitate export of organic products ensuring imports meet these standards.

"Some legislation may be required to implement these standards."

NSOGA's present standards are equal to or more stringent than the national standards. They are presently participating [by representation] at COAB and monitoring the development at the national level before solidifying any changes to their standards or process. Both British Columbia and Quebec have adopted provincial standards. Should Nova Scotia draft legislation to address provincial standards? NSOGA suggests that

"A committee or advisory group be struck to address this matter."

Current Concerns

Recent studies have shown tremendous growth in the industry providing alarming indicators of an infrastructure and policy incapable of handling this explosive growth. A summary of current statistics of the industry show that organic products have increased in the global market by 20-25 per cent. The Canadian organic industry shows an increase of approximately 20 per cent. This growth is reflected in most of Canada, but not in the Maritimes.

A recent report completed by Pulsifer Associates attempted to estimate the organic produce industry in the Maritimes. It identified a consumer survey which indicated purchases of organic produce of $3.1 million of a total share of $40.3 million. However, produce managers of retailers across the Maritimes did not stock sufficient organic produce to supply the 7.7 per cent of the organic market share. This shows that either the Maritime consumer purchased their organic produce from farm markets at the farm gate or at places other than retail outlets. In all, the amount of organic products produced does not match the perceived amount of products used by consumers.

Although the potential for organic production in the Maritimes indicates that growers should find markets for their products, many growers have found it difficult to break into the large retail chains and have not been able to obtain quotas for control products. Organic producers are faced with considerable demand; however the demand is not supported by the willingness of retailers to purchase products from growers. The lack of an adequate distribution system, lack of commitment from retailers, and lack of marketing has led to a situation in which the consumers want but cannot easily buy Nova Scotian organic produce. It is frustrating for growers to see this demand, grow the product and then be unable to get it to the market place. The Pulsifer report did identify the lack of infrastructure; that NSOGA is in its' infancy stage as far as organic in Nova Scotia and the need of cooperation from the government.

There was a five-year plan put into place on how to manage the Pulsifer recommendation of which would encourage involvement by the Department of Agriculture and setting up distribution systems. NSOGA growers are very busy people and do not have time to market and distribute their products.

> **"The development of an organic institute had already been started at the Agricultural College in Truro. However, there has been very little cooperation at this point between NSOGA and the Department of Agriculture."**

Environmental Matters

Maintaining genetic diversity by utilizing crop rotation and natural bacteria to fight off infections is obtained through a natural process of adding organic material back into the soil, and keeping the soil properly managed. A diversity of crop varieties on farms would be beneficial if one type of crop happens to be susceptible to a disease that other crops may be resistant against. Crop rotation is completely designed so that the soil is not over-depleted from a particular crop being grown yearly. Crops grown yearly on the same area have a tendency to promote pest problems.

In today's society high food production promotes the use of agri-chemicals to assist in producing food quickly and abundantly to support the rising world's population. It is not a sustainable way to approach agriculture. A lot of these chemicals end up destroying the soil until there is no organic material left. The land then ends up completely abandoned because it get to a point where you cannot do anything with it.

Organic growers are allowed to, at times, import nutrients into their soil in the form of manure, and certain sources of fertility such as lime, rotenone, pyrethrum, diatomaceous earth, BT (a natural bacteria), sulphur (as a fungicide). As well the encouragement of natural predators as part of integrated pest management is a huge part of organic agriculture. Growers are allowed to also use organic insecticide sprays but only on a restricted "need-only" to basis.

NSOGA standards are taken from other international standards such as the Organic Crop Improvement Association. They determine whether an insecticide is allowed based on how persistent it is in the environment, how it is produced and its toxicity to vertebrates. Some of the insecticides that are used are never of a synthetic source. As well the Department of Health regulations, which override the organic standards, must be met. NSOGA has to meet the Departments regulations before they can even consider their own standards. Insecticides that are on the allowable list are ones that are already on the market, so they [insecticides] have already gone through government regulations.

Organic soil is more drought resistance because of the organic matter that is being applied to it yearly, and it is more easily managed. When adding an organic source of nutrients a grower is also adding humus and soils with high levels of humus holds more moisture and is more resistant to drought periods. As such with mulch which also reduces the evaporation of water from the soil.

Recent Canadian national standards allow treatment of animals with antibiotics. Although some farmers prefer to use homeopathic remedies, others still use antibiotics. These farmers can market their meat and dairy products as organic if the withdrawal period on the package is doubled. However, the NSOGA standard is much stricter; their system of livestock promotes healthier animals thus reducing the use of antibiotics. They are developing feeding and management systems where there is minimized use of antibiotics. NSOGA expects free-ranging, and lots of room because usually sick animals come from overcrowded situations, they encourage pastures and no feedlots.

Witness Suggestions

The Nova Scotia Organic Growers Association would like to stimulate demand for certified organic food and to facilitate connection between growers and consumers. NSOGA must be proactive in developing education programs as well as a certification program to handle the growth.

"To obtain assistance from government, the Department of Agriculture and concerned stakeholders in the industry would stimulate demand for this growth."

NSOGA is currently the principal certifying body in Nova Scotia and are prepared to

"Provide a two-tiered certification system offering both NSOGA-organic certification to smaller producers and Canada-organic certification to producers who choose to export their product."

The Department of Agriculture, both federal and provincial, must understand that the organic industry is no longer a niche market. The demand for organic products is growing faster than the present grower base can supply.

"It is suggested that as a community of growers, researchers, extension officers, processors and consumers that a partnership and an action plan be developed to educate and encourage growth in this industry based on sound research and sustainable practices."

Attempts to maintain a full-time coordinator's position, as well as other resources, to sustain the membership requirements has been very difficult. Presently a large proportion of both paid staff and volunteer efforts is dedicated to educating the consumer and the retailer. NSOGA does not have the membership base and revenue to sustain full-time staff to handle the resource load.

"It is suggested that assistance in securing long-term funding be provided in order to maintain and further the efforts of the Association."

The growth of the organic industry is apparent, and an incredible opportunity is upon Nova Scotia agriculture. Organic agriculture cannot only produce yields as high as conventional practices, it can be managed more successfully during periods of drought. NSOGA promotes sustainable agriculture and food production,

"With the participation of the government and interested stakeholders they can revitalize agriculture in Nova Scotia by promoting such an added-value food supply."

Sheep Producers Association of Nova Scotia

The Sheep Producers Association of Nova Scotia [a recognized commodity group under provincial legislation] has about 300 members. Although it is a very small industry it amounts to income of about $1.5 million for farmers overall.

The industry is not in a thriving state. Over the years the sheep industry has declined from several hundred thousand sheep to about 12,000. One of the major factors in the decline was the arrival of the coyote. As the rural communities changed and people increasingly had paid employment, very few people kept a small farm operation going. When the coyotes started coming in attacking these small farms, people who owned these farms just gave up. If there had been significant income in running these farms, people would have continued farming and they would have done what was necessary to control the predator problem(s).

Other than supply managed commodities there are very few sheep farms that make a living for their owners. Many people turn to farming after they have worked at some other occupation for awhile. They may make enough money at farming for several years and they may be able to take enough out of the operation to live on, but at the same time machinery upgrading and building repairs will need to be met. They [farmers] are not fully able to set money aside to replace these things. Some farmers do their own marketing and retailing directly to the consumer. In that way farmers earn quite a bit of extra income over and above what they could receive if they were simply selling their products without any processing for further effort on their part. In those cases, farmers may actually make a modest living. However, the money they are making is not being made from the farm, it is being made from the processing, manufacturing, and the retailing of the product.

Therefore, when discussing the profitability of sheep farm operations, the actual production of the basic commodity has to be separated from the further processing of preparing those items for market and marketing them. There is money to be made in the processing, distribution and sale, but no one is making a living out of sheep farming despite what is being said.

<u>Imports</u>

Canadian production of lamb amounts to roughly one-half of the total Canadian consumption. As stated, "We could sell more, we could produce more, but the is a virtually unlimited supply hanging over the market, and in order to produce more Canadian product there has to be a financial incentive".

> **"Restricting imports by even a couple of per cents would allow prices to rise a bit and it would not require immense price increases. A 25 per cent increase in retail price would result in good liveable incomes."**

Farmers from New Zealand and Australia can ship lamb to Nova Scotia and sell it for lower prices because their costs are much lower in comparison. They do not have to house their animals, or feed them in winter and can pasture their animals year round. This saves on the cost of housing and the cost of machinery for putting up winter feed. In addition to lamb production the by-product of the wool industry in New Zealand and Australia can actually support their flocks in sales alone. These countries have a huge wool production and dominate the market getting a better price for wool. In the recent past, New Zealand and Australia have received $3.00 - $4.00 per pound whereas Nova Scotia has received about $.80-$.90 cents per pound.

Nova Scotia has a very tiny production of wool compared to Australia and New Zealand. Wool in Nova Scotia may represent five per cent of the total income. It is also of very inconsistent quality, and is not a widely used as it once was due to competition from synthetic material.

Supply Management

The best government assistance would be simply to legislate that all agricultural commodities have to be sold through marketing boards under supply management. Supply management has been in operation in the dairy and poultry industries and has proven to work quite well. Farmers are able to make a decent living knowing they are going to get a price for their product and it serve the consumer well because they get a quality product as a stable price.

Supply management works in sectors which have it because it restricts imports. That is the only way in which any system can work which gives farmers a living income.

> **"Government can either restrict imports and all domestic producers can expand to fill the market or give money directly to producers to keep them in business."**

Comparatively, in Quebec the government simply give sheep farmers a significant amount of money per year so that the assistance is roughly proportional to production. It is not quite the same as subsidizing the actual production, but it is quite similar because the production is going to be proportional to the number of ewes. Other forms of government subsidies are very inefficient and probably damaging in some ways to the agricultural community. Governments provide capital assistance to young farmers to help them get started, but there is no provisions in place to assist them if and when they go broke in the future. As stated, "That is a waste of money and a waste of expertise. If money is to be spent on farming it should be given directly to the farmers and let them decide how best to spend it".

The idea of supply management is cooperation. Some people regard supply management as being imposed by the government. Although it is implemented under legislation, it is still basically a cooperative system in which a group of producers agree to share the market and cooperate in supplying that market in a way which benefits everyone. That is the same position that has been taken in lamb marketing in Nova Scotia. The Lamb Marketing Co-op has been operating for 18 years and sell about one-third of the lambs that are produced.

Coincidentally, since Nova Scotia sheep producers have started co-op marketing, producers in Quebec now have about six cooperative marketing organizations, and Ontario has a producer-organized marketing program. As well Alberta, Saskatchewan and Manitoba are beginning to think that it is time for them to organize a marketing program. Cooperatives are a very good economic structure, farmers are beginning to realize that the only way to deal with these problems is to work together and to cooperate to market their product.

The federal government has relatively no direct involvement with the sheep industry in the province; although they do administer some programs such as the income stabilization program which involves producers setting aside a percentage of their income in an account which the government matches and pays interest on. Programs such as ISP are not effective because the money injected into the program is basically off-farm income, it does not come from the farm operation.

> **"Agriculture needs recognition by the public and most importantly by people who are in decision-making positions."**

Witness Suggestions

> **Restricting imports by even a couple of per cents would allow prices to rise a bit and it would not require immense price increases. A 25 per cent increase in retail price would result in good liveable incomes.**
>
> **Government can either restrict imports and all domestic producers can expand to fill the market or give money directly to producers to keep them in business.**
>
> **Agriculture needs recognition by the public and most importantly by people who are in decision-making positions.**

Pork Nova Scotia

Pork Nova Scotia is the marketing agent for all hogs in Nova Scotia. All hogs that are slaughtered are marketed through them [on average about 225,000 hogs per year]. In addition to Truro, Pork Nova Scotia has two small plants, one in Antigonish and one in Kingston. The industry is valued at over $30 million at the farm gate; over $100 million is generated into the economy employing over 1,500 people. Nova Scotia produces about two per cent of Canada's production; Canada, in turn, produces four per cent of the U.S.A.'s production, ergo Canada in total produces six per cent of U.S. production.

Safety Net Program

One of the major effects of the current budget has been the loss of the "Risk Management Program". This program was in place since 1995 and was based on a cost of production formula that Pork Nova Scotia has worked through with the Department of Agriculture. The loss of this program was devastating to the industry considering there was nothing in place once the Risk Management Program was eliminated.

The budget did show that there was $500,000 / year that was to be routed to pork risk management, but the province has decided that they were going to close the program and that the $500,000/year was meant to pay down the loan that the province provided to the risk management fund over the last crisis period. Pork Nova Scotia had hoped that the Agriculture Income Disaster Assistance money from the federal government would pay a portion of the loan down; and has also thought that they would be able to keep Pork Risk Management program since it was a three partner program that had contributions from the province, the processor and the producer.

Pork Nova Scotia requires some sort of a safety net to help them through the low parts of the price cycle. They have been looking to the NISA program [Net Income Stabilization Agreement] which is a program that has been in place for a number of years and would receive further contributions from the producers, provincial and federal governments for three more years.

> **"Pork Nova Scotia is looking for enhancement to this program that will allow producers to increase their contribution to the program as well as increasing the share of contribution from the federal-provincial agreements, so that it is adequate to support producers through a low-price cycle."**

An enhanced NISA program would allow Pork Nova Scotia to increase the percentages of contributions that a producer would be able to put into the program. For instance four per cent producer, three per cent provincial and one per cent federal; Pork Nova Scotia will be looking for a combination that would take it between 12-14 per cent depending on a workable formula. Most hog producers now contribute to NISA, but the fund balances have not been able to build to the point where they will be useful during the next downside.

Comparatively, hog production in Quebec has increased dramatically over the last 10-20 years because of their ASRA program which provides provincial government payments up to a percentage of their COP. It is similar to the risk management program, only it is funded mostly by the province and partly by the producer. There are no limits on the fund balance. Quebec producers basically have a guaranteed cost of production, and they have a completely separate program for their ADA program. The ADA program did not work well for Nova Scotia producers because the risk management funding was considered income which increased farmers income up past the 70 per cent gross margin income that would allow a payment and partly because most of the farms in Nova Scotia are mixed farms. With a mixed farm producers would have to gather all of their income from different enterprises before they would apply for ADA. As far as the NISA program, it is not enough for the livestock industry to survive on alone, which is why Pork Nova Scotia is looking for enhancements to it.

The agricultural part of WTO looked at the reduction of subsidies for agriculture for all countries. Canada has taken the letter of the law and reduced subsidies accordingly, ergo programs such as ADA and NISA which are low-slung programs that simply return enough to keep producers in business.

Production Costs

The cost of production has not changed a whole lot. The cost of feeding a hog is about $150 per hog for feed, maintenance plus marketing as well as other additional costs. The actual market return is presently $172 per hog, so there is some profit at this point. However, on the down side, the drop in hog prices due to the gearing up of the industry in the U.S. and Western provinces plus the additional hogs that were available for market and the collapse of the Asian market. The up side, was due to a small decrease in the herd size in the U.S. (by three - four per cent) with no reduction in the heard size in Canada, and the resurgence of the Asian market resulting in a slight change in the economy.

Staff Reductions

The loss of commodity specialists in the Production and Technology Branch has unfortunately provided $2.7 million that the province has allowed the federation to work with to appoint a committee to review these issues. Pork Nova Scotia is in support of this. Of taking a look at what can be done as far as a core group of specialists who would work with farmers, implement new methods of delivery, etc, but the committee needs the flexibility within that agricultural budget to make some of this happen and to put some of these things in place. It is felt that the hog industry, if managed properly, is an industry that can grow and create new jobs and new wealth in Nova Scotia.

Pork Nova Scotia did not have any input into the decision to eliminate production technology. They expected there would be staff reductions throughout the department, but they were not expecting the elimination of the entire department. The industry is hoping the committee through the federation will attempt to make sure that some of those essential services stay in place.

Environmental Stewardship

In 1998 there was a committee established to look at guidelines for siting and management of hog farms in Nova Scotia. Ensuring consideration for the environment; that they are good stewards of the land; and that they protect the environment has been a guideline enacted since then and has been distributed to municipal / provincial staff, politicians and all producers. A few modifications have been made to those guidelines regarding technical changes that have taken place in the industry. One of the current investments that have taken place was the new manure handling facilities which has minimal impact on the environment and on the communities surrounding these farms. The issue of environmental stewardship is something that Pork Nova Scotia knows will be continuing and they are willing to work with all persons/parties to make sure they do a good job.

Feed Transportation Costs

The Maritimes will never be self-sufficient in grain. The climate is not suitable to make this happen. The vast majority of grain is imported from western provinces, however some of the grain comes from New Brunswick or Prince Edward Island. Where grain is grown in rotation with potato crops. About 60 - 70 per cent of the industry buys its grain from feed companies rather than milling their own. In Nova Scotia it is not economically feasible to grow straight grain; land is at a premium especially in the Annapolis Valley where there is real competition for land for high-value crops.

Nova Scotia has access to a year-round port and still the industry cannot seem to get the volumes up to the point where they can economically bring grain in by water.

> **"There needs to be a good system in place to bring grain into Nova Scotia in volumes that will allow the industry to do it for a price they can afford."**

There needs to be cooperation between the plants and the feed mills in order to make that work. The feed companies have reduced some of the costs in their mills, but there needs to be some kind of a program in place that will allow them to take more risks. There seems to be some reluctance between the feed companies to work together, there needs to be cooperation among the feed mills so that the volumes are high enough that producers can bring in a boatload when needed.

Witness Suggestions

It is anticipated that the NISA program will be renewed within three years; it is the Pork producers best chance for stability, as far as a price program, that would keep their production at the level it is and allow them to increase it.

"It was requested that the Standing Committee on Resources encourage the government to participate in a dialogue that would look at making changes to NISA, and that would allow the Pork Nova Scotia to make enhancements to protect producers at low-price cycles."

Pork Nova Scotia has not made any formal presentations to the present government as yet regarding pork risk management and enhancements to NISA. Over the next few months they will be making approaches , meanwhile, they would appreciate the support of this Standing Committee. At that point,

"The Standing Committee on Resources made the statement that they support the hog industry in Nova Scotia, fully recognizing the importance of that industry to the province. The Pork industry produces in excess of 220,000 hogs per year employing an estimated 1,500 Nova Scotians and contributing $100 million directly into the economy and the indirect spin-offs associated with the industry."

DEPARTMENT OF ENVIRONMENT

Sewage Treatment Facilities

Halifax Harbour Solutions Project

The Halifax Harbour Solutions Project is basically a community development project whose objectives are to clean up the environment to demonstrate good stewardship and to support tourism initiatives along the harbor.

Issue

At one time there were about 40+ outfalls around Halifax Harbour, that number has been diminished to about 27 due to consolidation measures. Over time the number of outfalls have been reduced and are now at the point where there are about five major outfalls on the harbor itself and one in Herring Cove for a total of six outfalls. These outfalls are important because they dictate the location of the future treatment plants.

Solution

The solution that has been brought forward is to build four primary treatment plants. There would be three treatment plants on the harbor (North Peninsula Area, Dartmouth, Ocean Terminal and one in Herring Cove. The construction of these plants and the operation of them should all meet certain water quality objectives.

Funding

The cost of the project is estimated to be $315 million. The Regional Council has agreed to increase the surcharge on the water bills to the point where it will raise $210 million of the capital money [pubic support for this increase was 75%]. The Regional Council has been negotiating cost-sharing with both the federal and provincial governments regarding the remaining $105 million which would represent one-third of the capital costs. The Regional Council has also committed to the full operating cost, an annual cost of between $7 and $9 million [there will be no cost-sharing on that].

There was no consideration regarding an up-charge for industrial users to pay a proportionate share over and above household users because there is already quite a heavy impact on those industrial users simply because of the volume of water they consume. The projected impact is on the average household water bill. About ten cents per year for each of the years 1999 through to 2002. The average water bill is about $270 per year, the increase ($71 / year) would average about $341 per year. This equals about $6.00 per month towards the end of the project. If the city does not receive the additional one-third funding from either government, then the one-third increase will be incurred by the householders.

The increase that is being placed on water bills is not all going to building the treatments plants, some of the funds are going towards maintaining current plants, operating part of the current system and to areas of source control which is actively being worked on. With regard to the sewer development charge, attached to building permits, that money is used to connect into the current system and is not money that is attached to the Harbour Solutions Project.

The economic impact of the project from the view point of job creations and income generated to the federal and provincial governments would be a total of 7,000 jobs per person years of work and $30 million of revenue that will flow to the province in the form of taxes. The federal government would receive $58.7 million in revenue. The annual operating impact would generate 180 jobs and $1 million per year in revenue to the

province; $2 million in revenue to the federal government.

Preventative Measures

A HRM committee has been working on continual pollution measures for quite sometime. Their report to Regional Council identifies source reduction; to try to get rid of the pollution at the source. The program is focusing in on the kind of industry that tends to put heavy metals and so forth into the system more than others. Over time the program would be expanded to include the entire community including households.

There is also a policy being developed to look at reducing the inflow from storm water into the system; to get rid of some of the storm water, separate it and take it out another way.

At that time the Standing Committee on Resources passed a motion to write to the Premier of Nova Scotia stating, the Committee supports, in principle, the Halifax Regional Municipality (Halifax Harbour Solutions Project) in their initiative to have Halifax Harbour cleaned up; and recognized the ability of the administrator to choose the appropriate technology to complete the project.

In response to this motion, the Premier had notified the Standing Committee that the "Provincial Government is not presently in a position to make the financial commitment to this project. They have, however, agreed to work with the Municipality in an effort to identify potential sources of Federal Government funding".

Bear River Solar Aquatic Facility

Technology is the term used to describe the study or use of a combination of mechanical arts and applied science. The Bear River Solar Aquatic Facility collects and treats wastewater and sewage in order to preserve and protect their aquatic environment and to protect the health of their citizens.

Technology and Wastewater Management

Many wastewater management technologies were used in various locations throughout the province, one of which was solar aquatic plants to treat sewage in a greenhouse concept. Others were a high-rated activated sludge plant; a sequencing batch reactor plant and the use of ultraviolet light to disinfect sewage. There were areas that used a swirl flow separator; aerated lagoons; stabilization pond and recirculating sand filter to treat its sewage. The technologies used in different locations are quite different, however they all satisfy the expectations of the public and the regulator regimes.

Public expectations and regulations related to wastewater management are becoming more difficult to satisfy. The public expects to get better service at a lower cost. As society's understanding of the impact of treated sewage effluent on different aquatic environments improves, regulations will become more stringent. Technological improvements of processes, materials and equipment provide the opportunity to do things better, faster and at a lower cost, provide the opportunity to meet the changing public expectations and the regulatory requirements and reduce capital, operating and maintenance costs on sewage systems. However, there is a risk that the new technology may impair the ability to perform a task. It may require a longer period of time to do a task or it may cost more.

The most critical issues related to technological change and wastewater management are one, ensuring the **Application of Appropriate Technology**; second, having or developing the capability to **Maximize the Benefits of New Technology ;** Third, balancing the use of **Technology with Broader Social Responsibility.**

Technology is always changing. Organizations incorporate new and different technologies to improve their ability to satisfy the ever-changing expectations of customers, the changes also enables compliance with regulatory changes. Technological change in wastewater management is not an option. Treatment facilities cannot continue to meet their obligations without new and better technology. The sources of new technology and the enticements to use it and buy it are abundant. Treatment facilities must be careful to ensure that they buy and use new technology to satisfy the factually demonstrated need. They must avoid the purchase of technologies that do not satisfy our needs, that they cannot afford, and avoid the purchase of technology that they cannot manage, operate and maintain. Facilities have to rely on information gathered through formal and informal networks to determine if specific technology will actually satisfy those factually demonstrated needs. They need regulations and guidelines that are based on factual principles and must be careful that they do not deprive the people of the opportunity to work in the industry and to learn from the bottom up.

Witness Suggestion

The province should establish clear, balanced and flexible regulations and guidelines related to wastewater management; generously support industry organizations that provide for the network; support and make training opportunities more readily available; and create opportunities to observe and study emerging technologies in other parts of the country / world.

DEPARTMENT OF FISHERIES & AQUACULTURE

Nova Scotia Fish Packers Association

The Nova Scotia Fish Packers Association consists of 58 member companies from the regions of the Eastern Shore, South Shore and Annapolis County. The combined annual export sales of seafood from these companies range about $350 million per year. These companies buy, process and export a wide variety of seafood products. Employment levels resulting from the processing plants among the companies are estimated to be 2,000 to 3,000 employees; the number of fishermen who supply the plants are estimated to be 3,000 to 5,000 people.

Issues

There are several issues that are confronting the processing industry and fishing industry, one being **Export Regulations**. In the last two years the Association has been implementing a new "Quality Management Program" which is designed to ensure that the Association provides wholesome, safe seafood product. The Association exports 60 to 70 per cent of their product to the United States. In order to first get into the United States, the Association has had to integrate their Quality Management Program with the U.S. "Hazard Analysis of Critical Control Point" program. The Fish Packers Association are now in the process of having the Canadian Food Inspection Agency do audits in their plants to ensure that they have implemented their Quality Management Program up to U.S. specifications.

Competition. Countries such as Norway, Chile, China, Alaska, and Iceland are areas where the raw material has been more prevalent, more abundant and in many cases cheaper. The situation now is that the price of this raw material in the world market is increasing and these countries have become very aggressive in the markets. As stated, "if they were giving us fish and we were processing it, selling it, etc, and because they have the raw material, they could do the same thing and they have done it". A lot of the Associations companies are under a great deal of competitive pressure right now; not just from other countries in the seafood market, but with generic marketing programs [i.e.: chicken, pork, beef, etc.] and with internet trading. In past times, a broker in Nova Scotia would contact a foreign vessel, make a deal to import the product into Canada, put it into a big wholesaler who would distribute it to a local store.

However there are some positive aspects of the industry. The industry provides a healthy product, export sales have stayed up and member companies have continued to operate in a very tough environment. As well the fish stocks are rebuilding, even though the TAC are low in quantities of fish that are available to catch compared to what the long-term average has been. The Association estimates that if the stocks return close to the long-term average, the would be another $275 million injected into the economy.

Downloading Costs. The Association has petitioned the federal government about conducting a cost analysis of what the downloading costs would be comparatively between the fishery and agriculture commodities. It was stated, by the federal government, that a cost analysis was done for agriculture, but not for the fisheries. It was not considered even though the Treasury Board had set out some guidelines that before significant costs were downloaded or user fees added on to an industry, that there should be an impact analysis completed.

Presently fishermen have to pay to the federal government extra fees for dockside monitoring, access, privatized wharves, port sampling, observers and electronic monitoring, this is in addition to the $0.55 cents per pound they have to pay on their catch before they leave the wharf - effective January 1st.

Witness Suggestion

The Nova Scotia Fish Packers requested that the Standing Committee support them in the need for help with the federal government on the effect of what downloading has done to the industry. To try to make both governments realize that the accumulation of downsizing, fees and privatization is having a significant effect on the industry.

STATEMENT OF SUBMISSION

All of which is respectfully submitted to the House of Assembly
this 23 day of October, 2000

Mr. James DeWolfe, MLA (Chairman)
(Pictou East)

I concur

Mrs. Muriel Baillie, MLA
(Pictou West)

I concur

Mr. Kenneth MacAskill, MLA
(Victoria)

I concur

Mr. Jon Carey, MLA
(Kings West)

I concur

Mr. Brian Boudreau, MLA
(Cape Breton the Lakes)

I concur

Mr. Frank Chipman, MLA
(Annapolis)

I concur

Mr. Howard Epstein, MLA
(Halifax Chebucto)

I concur

Mr. Kerry Morash, MLA
(Queens)

I concur

Mr. John MacDonell, MLA
(Hants East)

Committee Membership

During the 1st Session of the 58th General Assembly of the House of Assembly, the make-up of the Standing Committee on Resources was comprised of the following members (as at October 7, 1999):

Mr. James DeWolfe, MLA (Chairman)
(Pictou East)

Mrs. Muriel Baillie, MLA
(Pictou West)

Mr. Jon Carey, MLA
(Kings West)

Mr. Frank Chipman, MLA
(Annapolis)

Mr. Kerry Morash, MLA
(Queens)

Mr. Kenneth MacAskill, MLA
(Victoria)

Mr. Brian Boudreau, MLA
(Cape Breton the Lakes)

Mr. Howard Epstein, MLA
(Halifax Chebucto)

Mr. John MacDonell, MLA
(Hants East)

Committee Meetings

The Standing Committee has been meeting on Tuesdays since its establishment, and all meetings are open to the public. During the 1st Session of the 58th General Assembly the Standing Committee on Resources has met on the following dates.

October 19, 1999
November 2, 1999
November 16, 1999
November 30, 1999
January 11, 2000
February 15, 2000
March 21, 2000
May 9, 2000
May 18, 2000

Notices

Notices of committee meetings are sent to all members of the Committee, support staff of the caucus and legislative offices, the House of Assembly Press Gallery, the government wire services and is published on the internet.

Transcripts

Transcripts of the Committee meetings are available from the Legislative Committees Office, 3rd Floor, Dennis Building, 1740 Granville Street, P.O. Box 2630 Station M, Halifax, NS B3J 3N5 or from the provincial government web-site: www.gov.ns.ca/hansard.

Annual/Interim Reports

All reports of the Standing Committee on Resources are compiled by the Legislative Committees Office and forwarded to the committee members for consideration. Once the report is finalized it is then distributed as follows:

> The Speaker/Clerk of the House of Assembly; all members of the Legislative Assembly; all presenters who made presentations before the committee; all Legislative Assemblies and Legislative Libraries across Canada, including the Territories and the media. The report is also available to all persons interested in obtaining a copy from the Legislative Committees Office or through the provincial government web-site.

Acknowledgments

The Standing Committee on Resources wishes to extend its gratitude to the following for their time and cooperation:

> The Department of Natural Resources Minerals and Energy Branch, and Land Services Branch; the Chamber of Mineral Resources; the Nova Scotia Forest Products Association; the Nova Scotia Organic Growers Association; the Sheep Producers Association of Nova Scotia; Pork Nova Scotia; the Halifax Harbour Solutions Project; the Bear River Solar Aquatic Facility; and the Nova Scotia Fish Packers Association. Many thanks and gratitude to Mr. Mr. Rodney Caley, Editor of Hansard; Hansard Staff; to Mr. Don Ledger, Co-ordinator of Legislative Television and Broadcasting; Legislative Television Staff; to Mr. Michael Laffin, Co-ordinator, House of Assembly Operations; House of Assembly Staff; and to Margaret Murphy, Legislative Librarian and Librarian Staff.